

Section III
Summary of Schedule of Prior Year Audit Findings



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Summary Schedule of Prior Audit Findings

Report on Compliance and Internal Control in Accordance with Government Auditing Standards and the Requirements of OMB Circular A-133 and the Schedule of Expenditures of Federal Awards for the Year Ended June 30, 2003.

The following schedule contains the finding number and title, segregated by Commonwealth department, for each of the findings included in the FY2002 Report. Following the finding number and title is the year the finding originated. If the finding repeated as a result of the fiscal year 2003 audit, the current year finding is referenced after the FY2003 status of the FY2002 findings. The letters under the heading Corrective Action indicate the following:

- F Full (the corrective action plan was fully implemented)
- P Partial (the corrective action plan was partially implemented and the 2002 finding repeated)

Department **Statewide**

Corrective Action

Finding Number 1: Non-GAAP Fixed Asset Accounting and Reporting Needs Improvement F

Committee on Criminal Justice

Finding Number 2: Improvements Needed over Fixed Asset Internal Control F

Finding Number 3: Payment Vouchers Date Changed F

Finding Number 4: Contract and Payment Vouchers not in Compliance with Commonwealth Policies P-19

Due to the nature, workload and complexity of the standard contract form, the Programs Division will take two courses of action to ensure that dates are not intentionally falsified.

Action 1: If a standard contract is not executed prior to the start date of services due to the form being filled out improperly by the seller department, a memo will be attached to the contract stating the time the contract was received by Programs Staff and detailing what was filled out incorrectly so that the buyer department may still request reimbursement for that time period.

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Corrective Action

Action 2: If a standard contract form is not executed prior to the dates of service for the contract due to late submittal on the part of the seller department, the effective dates of the contract will be when the contract is submitted to the Programs Division. No requests for payment will be reimbursed that fall outside of the service dates of the contract.

No contracts will be sent to seller departments with EOPS authorized signature as was done in some instances in the past. Contracts will only be signed by EOPS personnel after they are returned by the sub-grantee.

This CAP will be effective for all new contracts in SFY04.

Division of Employment and Training

Finding Number 5: Employers not Assessed Penalties for not Filing Required Returns

P-1

The analysis to determine the cost effectiveness of imposing penalties on employers that fail to file quarterly UH1 Reports as required by MGL 151A, Section 14G has been completed.

Department of Mental Retardation

Finding Number 6: Collection of Accounts Receivable Needs Improvement

P-3

The Department did attempt to collect this receivable over the past year. We followed the procedure outlined above and did both write and call the guardian. The guardian of the client did promise to begin making payments in March of 2003. No payments, however, have been received. As a result, the Department has petitioned the Social Security Administration to change the representative payee from the client's mother to the Department. Assuming there are no issues, the change should occur by the end of September, which will stop the outstanding receivable from growing larger.

The Department is unlikely to write off the \$57,733 currently owed by this client, as it is the Department's policy to continue to attempt to collect outstanding balances. We often receive outstanding payments at the time of the client's death or a family member's death. Since January of 2003, we have received payment for 13 of our outstanding receivables through the Probate Court process, which is where financial issues are decided upon an individual's death. Therefore, it is prudent to leave the outstanding balance on the Commonwealth's ledger until we are certain there are no funds to pay. Over the past year, the Department has changed the Representative Payee for 7 individuals who had large outstanding payments and a couple more are currently pending. In addition, we are preparing a small package of receivables for write-off. These are for clients who have died and there were no funds available to pay off their debt.

Department of Public Health

Finding Number 7: Backdated Payment Vouchers

F

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Department

Corrective Action

Massachusetts Highway Department

Finding Number 8: Oversight of the Owner Controlled Insurance Program Needs to be Improved P-6

Many of the issues were resolved in a timely manner while the final product (audit and financial statements) was delayed due to lack of availability of documents from the insurance provider. The Department will continue to work with the Authority to maintain compliance with the established protocols and ensure the availability of documents from the insurance provider necessary to adequately monitor the transactions and financial condition of OCIP.

Executive Office of Elder Affairs

Finding Number 9: Inadequate Internal Controls over Fixed Assets F

Office of the State Treasurer

Finding Number 10: Office of the State Treasurer's Cash Management Operations
Need Improvement F

Roxbury Community College

Finding Number 11: Non-Appropriated Fund Activity and Balances not Reconciled P-17

Due to unexpected problems with the implementation of the conversion to the Jenzabar system, the full implementation of this finding has been delayed, but the College expects to complete the implementation by December 31, 2003.

Finding Number 12: Internal Control Plan Needs to be Updated F

Salem State College

Finding Number 13: Internal Control Plan Needs to be Updated F

Committee on Criminal Justice

Finding Number 14: Monitoring of Subrecipients Needs Improvement P-24

The Programs Division has changed the CAP plan since original submission. This plan will be implemented in state fiscal year 2004.

Finding Number 15: Salaries Allocated to Federally-Funded Programs are not Supported
by Proper Documentation P-21

The Programs Division has changed the CAP since the original submission. Programs Division Staff have been in contact with a representative from the Department of Justice Comptroller's Monitoring Division to ensure that the new plan will be in accordance with OMB A-87.

Finding Number 16: Inadequate Supporting Documentation for Expenditures P-25

Programs Staff will require supporting documentation for expenditures on equipment. The policy will be that any single item of equipment purchased in excess of \$5,000.00 will require supporting invoice documentation. Other expenditures will be verified on fiscal and programmatic site visits as explained in the CAP plan for finding #14.

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<u>Department</u>	<u>Corrective Action</u>
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Program Managers are required to initial quarterly financial reports to ensure that expenditures are aligned with the approved budget and there is adequate supporting backup documentation.

This CAP will be effective for all new requests under new contracts signed in state fiscal year 2004.

Finding Number 17: Improperly Classified Transaction	F
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Finding Number 18: Buyback of Leave Time For Early Retirement Charged to Federal Funds.	P-22
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Programs Division fiscal staff will ensure that state fiscal year 2004 ERIP payments are in accordance with the Comptroller's Policy Memo #316.

Programs Staff is also cognizant that the same process will have to happen in state fiscal year 2005 for the final payment of the ERIP benefits for Jane Zuroff.

Finding Number 19: Federal Funds Drawn Down against Closed Federal Grant	F
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Division of Medical Assistance

Finding Number 20: Eligibility Redeterminations were not Performed in a Timely Manner	F
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Finding Number 21: SCHIP Recipient not Redetermined upon Turning 19 Years Old	F
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Finding Number 22: Overpayment of Personal Need Account	F
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Finding Number 23: Overpayment Must be Refunded in a More Timely Manner	F
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Finding Number 24: Drug Rate Reimbursement Regulations Need Clarification	F
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Finding Number 25: Expired Provider Certification	F
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Finding Number 26: Untimely Filing of Plan of Care and Level of Care Documents	P-33
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Although the database implementation has been completed, DMR has implemented a new level of care assessment process during the past year and this has, in some cases, had the effect of staggering the generation of the Plan of Care (POC) and the Level of Care (LOC) form. In preparation for a renewal of the current waiver, service coordinators have been asked to complete the new assessment process, but not to generate a new Level of Care form until the next ISP date. This gives the appearance of POC and LOC dates being out of sync. DMR anticipates that after this transition year, once the renewed waiver is in place, the completion of the ISP, POC and LOC will be back on track and will be done concurrently.

Finding Number 27: The Recording of Aged Accounts Receivable Needs to be Reviewed on a Timelier Basis	P-31
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Corrective action plan was implemented in February 2003. Open receivables are reviewed on a quarterly basis. An action was taken to review aged receivables by fiscal year in order to submit requests for write-off in an orderly fashion. The Revenue Unit submitted 6 requests for write-off to the State Comptroller's Office in fiscal year 2003 as follows:

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<u>Department</u>	<u>Corrective Action</u>
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CommonHealth (CH) premiums:

CY 1997 – 276 receivables valued at \$20,738.00 was submitted on April 1, 2003.

CY 1998 – 564 receivables valued at \$27,640.30 was submitted on May 21, 2003.

CY 1999 – 621 receivables valued at \$39,802.44 was submitted on June 5, 2003.

Family Assistance Direct Coverage (FADC) premiums:

CY 1998 – 80 receivables valued at \$1,180.00 was submitted on April 1, 2003.

CY 1999 – 1,390 receivables valued at \$21,608.00 was submitted on May 21, 2003.

CY 2000 – 4,223 receivables valued at \$67,548.22 was submitted on June 5, 2003.

In fiscal year 2004 the tentative schedule to submit requests for write-off of aged open receivables greater than one year old is as follows:

August 1, 2003	CY 2000	CommonHealth
September 1, 2003	CY 2001	CommonHealth & Family Assistance
		Direct Coverage
October 1, 2003	CY 2002 - QE 03/31/2002	CommonHealth & Family Assistance
		Direct Coverage
November 1, 2003	CY 2002 - QE 06/30/2002	CommonHealth & Family Assistance
		Direct Coverage
December 1, 2003	CY 2002 - QE 09/30/2002	CommonHealth & Family Assistance
		Direct Coverage
February 1, 2004	CY 2003 - QE 12/31/2002	CommonHealth & Family Assistance
		Direct Coverage
May 1, 2004	CY 2003 - QE 03/31/2003	CommonHealth & Family Assistance
		Direct Coverage

Beginning in calendar year 2004, requests for write-off of open premium receivables that are over 1 year old will done on a quarterly basis.

Department of Education

Finding Number 28: Inadequate Administrative Expenditure Procedures	P-34
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The Cost Allocation Plan has been reviewed by the Comptroller's Office and has been sent to the U.S. Department of Education for their approval.

DOE has reissued procurement policies and procedures and held internal training for its staff.

Finding Number 29: Procedures Need to be Refined	F
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Finding Number 30: Lack of Control System for Goals 2000 Program	F
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Finding Number 31: Class Size Reduction Control Documentation Needs to be Improved	F
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Finding Number 32: Lack of Documented System for Salary Charges to Federal Programs	F
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Finding Number 33: Tracking and Reporting of the Amount Used to Meet the Vocational Education Matching and Maintenance of Effort Requirements are Questionable	F
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<u>Department</u>	<u>Corrective Action</u>
Finding Number 34: Lack of Data to Measure Earmarking	P-37

We are performing the steps we mentioned in our Corrective Action Plan for fiscal year 2003 and are continuing the process for fiscal year 2004.

Finding Number 35: Unreliable Data Summarization and Use/Maintenance of Effort and Other Measures	P-38
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We are performing the review of calculations. We are also documenting critical areas used to compile these areas.

Finding Number 36: Lack of Required Certifications for Child Count	F
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Finding Number 37: Inadequate Monitoring	F
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Finding Number 38: Errors in Federal Reports	P-39
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We are performing monthly reconciliations and have segregated duties for reviewing all reports for the possibilities of errors.

Finding Number 39: Commodities Inventory Difficulties	F
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Department of Revenue/Division of Child Support Enforcement

Finding Number 40: Inactive Cases not Closed in System	F
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Finding Number 41: Ineffective Case Tracking and Management System	P-43
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CSE continues with its efforts to streamline case management functions and maximize available enforcement measures. Targeting those areas of case management that are vulnerable to data reliability errors, CSE assigns the tasks of creating cases and entering new orders on the system to designated Case Create teams. Additionally, over the past year, CSE has designated key staff in each office to handle final case closing tasks. Both are areas that past audits and reviews have cited as in need of improvement. CSE continues with many of the initiatives noted in the Corrective Action Plan, e.g. contacting custodial parents to obtain necessary information on pre-obligated cases, identifying cases that are appropriate for closure, and maintaining a focus on data reliability. The Division's efforts resulted in a very successful FY03 and highlights are noted below.

Collections: CSE achieved record collections this year, collecting more than \$462 million – \$443 million in IV-D cases, and \$19 million in non-IV-D wage withholding only cases. This was more than \$3 million above our collection goal for IV-D cases of \$440 million. This increase in collections – in spite of a weak economy and increased unemployment – can be attributed in part to robust and consistent bank match and insurance intercept programs (83% and 48% increases respectively over FY02 collections), as well as the outstanding success of the license suspension project, which resulted in collection of over more than \$11 million in lump sum payments and increased compliance on current support. While 6,311 non-custodial parents responded to CSE's invitation to enter into payment agreements, 5,556 non-custodial parents had their driver's licenses suspended and another 469 had their professional licenses suspended. In addition, Regional staff brought 7,863 contempt, collecting nearly \$2.7 million in lump sum payments, a 26% increase over FY02. The number of paying current support cases rose 2% over FY02, even in the face of a difficult economic environment. Of particular note in this regard is that payments from unemployment compensation increased by 25% over last year.

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Department

Corrective Action

Data Reliability: CSE passed every indicator on the OCSE Data Reliability Audit with no audit findings, a dramatic improvement over years past. CSE is therefore eligible for incentives on all five performance measures. CSE passed all the line items with an efficiency rate showing reliability of 95% or higher – without having to rely on the confidence interval to pass – an impressive outcome, showing that staff have taken to heart our mantra of “Do it right the first time.” In addition, CSE passed the re-audit of the paternity performance measure for FY01 with a reliability score of 98%. (Because CSE failed this indicator the previous year, all paternity data for that year had to be corrected.)

Official results for FY02 are listed below.

<u>Line Item</u>	<u>FY02 Results</u>
Line 1: Cases Open	99%
Line 2: Cases Open with Orders	97%
Line 8: Children Born Out of Wedlock	100%
Line 9: Children with Paternity Est/Ack	96%
Line 24: Current Support Due	95%
Line 25: Current Support Paid	99%
Line 28: Cases with Arrears Due	99%
Line 29: Cases with Arrears Paid	98%

Establishment of new orders: The establishment of new orders out of the existing pre-obligation inventory increased by 4% over FY02, with almost 6,000 new current support orders. Staff have streamlined processes and increased significantly the number of new orders that are in the pipeline, positioning CSE for further improvements before the end of the federal fiscal year on September 30, 2003, particularly when combined with the case closings that are also in the pipeline.

Modifications: Modification actions for this year totaled 7,877, a decline from last year's 9,588, reflecting CSE's focus this year on new orders and contempt. We continue to monitor cases needing downward modifications, so that orders continue to reflect parents' ability to pay as their income decreases. The review and adjustment functionality for COMETS is now in place, making possible automated identification of cases appropriate for modification.

New Hire Reporting: 38,260 employers are now using CSE's web site for new hire reporting, a 19% increase from FY 2002, with more than 800,000 on-line new hire reports received in FY 2003 as compared to 504,000 in FY 2002, a 60% increase. We expect a dramatic increase in new hire reports for next fiscal year, as data entry for paper reports will be current and more complete. Preliminary results show data entry of more than 17,000 new hires in May and 22,000 in June.

Criminal Justice Project: CSE's criminal justice project continues to develop significant partnerships with law enforcement agencies to address the child support issues of inmates and ex-offenders. Staff reviewed child support cases individually with more than 2500 inmates in federal, state and county correctional facilities in FY 2003. More than 2,800 Department of Corrections inmates and more than 1,800 Suffolk County House of Corrections inmates received an overview of child support enforcement at weekly orientation sessions for newly incarcerated parents. Through assistance of CSE staff, more than 700 inmates have requested downward modifications. As the result of coordination with the Parole Board, parolees increased their payment compliance from \$67,000 per month to \$96,000 per month during the period of October 2002 to May 2003. This reflects an increase in the payment of current support from 30% of amount owed to 41% of amount owed, and current support cases with any payment

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Corrective Action

increased from 21% to 37%. Cases involving inmates and ex-offenders are particularly prone to data reliability projects.

Outreach: CSE's Outreach staff made 105 presentations to 412 parents and 268 professionals who work with parents, providing information on paternity establishment and child support enforcement, and followed up on more than 100 individual cases obtaining information for location of non-custodial parents or employers, modifications, paternity acknowledgments, case closings and the like. In addition, the Access and Visitation project conducted parenting workshops for 215 parents, including young parents at DSS home for teen parents, fathers with domestic violence issues, and inmates at the Suffolk County House of Corrections. Access and Visitation staff also made presentations at cooperative parenting workshops attended by approximately 250 parents and service providers.

Responsible Fatherhood Initiatives: The "Partners for Fragile Families Project" received an extension from OCSE to operate until December 31, 2003. From its inception through May 31, 2003, the project has received 543 referrals, conducted 438 intakes, and had 282 enrollments. 62 fathers have graduated, 98 established paternity, 184 initiated parenting plans, and 192 found full or part-time employment.

Domestic Violence: The CSE and DTA domestic violence project team received the 2002 Manuel Carballo Governor's Award for Excellence in Public Service. The team was recognized for its collaborative efforts to break down boundaries among units and agencies to meet the needs of domestic violence victims. CSE DV specialists (an attorney and caseworker) assisted over 200 customers with domestic violence issues. In addition, Customer Service Bureau staff assisted over 150 customers and regional staff assisted over 300 customers by sending out at-risk literature. We initiated plans for operational and systemic changes to reduce the high number of family violence indicators on COMETS and improve flagging of at risk cases. We have identified 90,000 family violence indicators which were placed in August 2001 from our data match with the Criminal History Systems Board and have targeted these indicators for removal because their two-year expiration date is approaching.

Arrears Management: CSE has embarked upon an ambitious arrears management project, designed to increase collections and address uncollectible arrearages. CSE drafted a proposed arrears management regulation that has been approved by the Commissioner so that the formal promulgation process can begin in July 2003. We obtained a grant from the federal government that will allow CSE to look at its arrears and develop programs to manage arrears, through such strategies as early intervention to prevent the accrual of arrears, vigorous enforcement of cases with ability to pay, and equitable adjustments of arrears where there is a documented inability to pay. As part of this project, the Urban Institute is analyzing a comprehensive array of CSE data to provide information for better understanding the source of arrears growth and where resources can best be utilized to arrest this growth. The waiver of interest and penalties program continues to be a valuable tool, resulting in collections of over \$2 million for FY03.

National Medical Support Notice: On April 1, 2003, Governor Romney signed legislation bringing the Commonwealth into compliance with the federal requirements for the National Medical Support Notice, and CSE forthwith sent the notice to employers informing them of their obligations to provide court-ordered medical support where available.

Finding Number 42: Tardiness of the Self Assessment Review

F

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<u>Department</u>	<u>Corrective Action</u>
Finding Number 43: COMETS Does not Comply with Federal Requirements	P-44

The Commonwealth of Massachusetts is currently subject to federal penalties for failure to meet the October 1, 2000, deadline for implementing federal distribution requirements. CSE has been working on a financial redesign project for the past couple of years. This project will not only bring CSE into compliance with federal requirements, it is also essential for the long-term stability and functioning of our automated system and will enable CSE to increase collections, improve program operations and maximize federal incentives.

The target date for completion of the financial redesign project, including meeting federal certification requirements, continues to be September 30, 2003. However, because of delays in systems development, we have determined that the financial redesign project as it was previously configured could not be completed on time. Therefore, we have chosen to modify our approach for ensuring compliance with PRWORA requirements by September 30, 2003, by transferring the Maine IV-D financial module to meet the needs of the Massachusetts child support program. We have reviewed the Maine application and found it closely meets the Massachusetts requirements that we have been engaged in defining. By transferring the code, we have determined that we can improve our development timetable and be better equipped to achieve our goal of certification by September 30, 2003. To accomplish this, we have solicited the help of Unisys, which currently provides computer services to the Department of Revenue under a blanket services agreement, and is therefore familiar with our technical environment. Unisys and its subcontractor, Protech Solutions (which developed and implemented the Maine PRWORA application), are assisting CSE technical staff in making the modifications to the Maine application. This project also introduces new system flexibility based on a web application that is far superior to the existing system architecture, and will improve CSE's ability to stay current with advances in technology.

CSE, ISO and vendor staff are continuing to work to complete this project and remain committed to achieving system certification by September 30, 2003.

Department of Public Health

Finding Number 44: Improper Sample Selection for Independent Peer Review	F
Finding Number 45: No Substance Abuse Public Hearing Held	F
Finding Number 46: Earmarking Requirement Exceeded	P-48

After completion of the fiscal year 2001 single audit, a new internal control policy had been implemented. It required continual monitoring of these expenditures and transferring to a state funded program any amount that exceeded the maximum. However, it was too late into the current fiscal year to transfer the appropriate expenditures from the federal grant to a state funded program.

Finding Number 47: Inconsistent Vaccine Transfer Documentation	F
Finding Number 48: Noncompliance with Level of Effort Requirement	F

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Corrective Action

Massachusetts Highway Department

Finding Number 49: Subrecipient Identification and Award Documents Need Improvement P-50

The Commissioner issued a memo on 11/12/02 reminding all personnel involved in the contracting process of the required information for subrecipient contracts. On 4/23/03 training was held in conjunction with FHWA on OMB Circular A-87. One of the objectives of the course was to ensure that upon completion of the course, participants would “understand the roles and responsibilities of Federal Cognizant Agency, the primary recipient of federal funds, and subrecipients receiving pass through federal funds.” In addition, the Director of Administrative Services has been doing pre-approvals on non-construction procurements over \$5,000 since November, 2002. There have been no subrecipients among the pre-approvals. There have been no additional steps taken at this time through the Horizontal Construction Reform Task Force to establish additional object codes.

Finding Number 50: Outdated Rental Appraisals F

Finding Number 51: Proceeds from the Sale of Federally-Funded Property not Deposited or Transferred on a Timely Basis P-51

The Department has made great improvements in this area. Checks from the sale of land are delivered to the Fiscal Management Section on the day of the closing or the day following. Deposits are made timely. Every effort is made to credit the FHWA within thirty days.

Finding Number 52: \$933,614 in Disallowed Consultant Costs were not Credited on a Timely Basis F

Finding Number 53: Certified Payrolls Were not Received on a Timely Basis F

Finding Number 54: Documentation of Debarment and Suspension Compliance Needs Improvement F

Department of Social Services

Finding Number 55: Timeliness of CORI Checks Needs Improvement P-52

The Department of Social Services has developed a Continuous Quality Improvement Process (CQI) administered in each DSS office – area, regional and central office. The process is lead by a team, comprised of DSS staff, families involved with DSS, foster/adoptive parents and community representatives. The goals of Continuous Quality Improvement Teams are to monitor, evaluate and provide feedback to the Department on the performance of its system of care. The CQI system is intended to support social workers, supervisors and managers at every level of the Department as well as to enhance the development, implementation and refinement of Departmental policies and the service delivery system. A list of indicators to include in the CQI process and the data sources available to measure the status of the indicators has been made available to senior management throughout the Department. Data on Family Resource Licensing is one of the many indicators being routinely reviewed and the tool to measure the status continues to be the monthly report of Resource Characteristics. The development of the CQI process, establishment of the teams and the content of the reviews have been included in senior management meetings.

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Last year's finding cites two re-evaluations out of the audited 25 cases were not performed timely. And in fact, the finding further states that the 2 late re-evaluations were eventually completed 14 and 7 months later. The 2 records calculate to an 8% error rate. In preparing this response, the Department randomly selected one area office to review and test the status of compliance. While that area office's error rate calculated to a 9% error rate, further review indicated that 4% of the late re-evaluations were completed within 2 weeks, getting to a 5% error rate. Recognizing that this is the start-up year of the CQI Process, greater improvement should be achieved in state fiscal year 2004, with a goal of reaching 98% compliance.

Finding Number 56: The Process for Home Licensing Needs Improvement

P-53

The Department of Social Services has developed a Continuous Quality Improvement Process (CQI) administered in each DSS office – area, regional and central office. The process is lead by a team, comprised of DSS staff, families involved with DSS, foster/adoptive parents and community representatives. The goals of Continuous Quality Improvement Teams are to monitor, evaluate and provide feedback to the Department on the performance of its system of care. The CQI system is intended to support social workers, supervisors and managers at every level of the Department as well as to enhance the development, implementation and refinement of Departmental policies and the service delivery system. A list of indicators to include in the CQI process and the data sources available to measure the status of the indicators has been made available to senior management throughout the Department. Data on the number of children in unapproved homes is one of the many indicators being routinely reviewed and the tool to measure the status continues to be the monthly report of Children in Unapproved Homes.

The development of the CQI process, establishment of the teams and the content of the reviews have been included in senior management meetings.

In addition to the CQI Process, the Department also developed with the Office of Child Care Services an OCCS Licensing Review Process. This process focused on eight selected DSS offices and reviewed

- Foster Homes with Supported 51As
- Foster Homes with more than 4 foster children placements
- Active Placements of children in unapproved homes
- Survey sampling of selected homes
- And a review of the FamilyNet Family Resource record.

The results of the review are not yet available.

These efforts have improved the status of the number of children in unapproved homes. A year ago, at the time of the original finding, the Department calculates that 4.9% of active foster care placements were in homes that had not been approved within the required 40 working days. The current status calculates at 4.6%. Recognizing that this modest improvement was accomplished in the start-up year of the CQI Process, greater improvement should be achieved during state fiscal year 2004, with a goal of reaching 98% compliance.

Finding Number 57: Subrecipient Monitoring Needs Improvement

F

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Corrective Action

Executive Office of Elder Affairs

Finding Number 58: Indirect Cost Plan not Developed

P-57

The Office of the Comptroller has determined that the FY 2000 cost allocation plan for Elder Affairs complies with their requirements and with the approved allocation methodology. With the submission of other years' plans pending, the Office of the Comptroller elected to defer adjustments of indirect cost recoveries until more than one plan could be considered in case of offsetting under- and over-recoveries. In May, Elder Affairs submitted the cost allocation plan for fiscal year 2001 to the Office of the Comptroller, where it is still under review. In follow-up discussions with the Administration on Aging regarding the cost allocation finding, Elder Affairs has committed to submitting the completed fiscal year 2002 plan to the Office of the Comptroller by July 31, 2003, and the completed fiscal year 1999 plan to the Office of the Comptroller by November 30, 2003.

Finding Number 59: Monitoring of Area Agencies Needs Improvement

P-59

This corrective action plan has been implemented through number 3) of the additional actions described above. The comprehensive statewide monitoring tool (Action 4) is still being developed as of July 7, 2003. We plan to complete it by the end of July 2003 and begin using it in monitoring visits in August 2003.

Finding Number 60: Inadequate Supporting Documentation for Payment Voucher Expenditures

F

Finding Number 61: Federal Reports not Reconciled to the Commonwealth's Accounting System

P-55

Reconciliations between the SF 269 reports and MMARS have not been completed. The SF-269 report submitted for the period from October 1, 2002 to March 31, 2003 was based on monthly standard invoices.

Finding Number 62: Federal Reports Submitted with Estimated Amounts

F

Department of Transitional Assistance

Finding Number 63: Food Stamps Status Of Claims Against Household Report Filed With Inaccurate Data

P-61

The Recovery Unit and Management Information Services staff will continue to work to modify BEACON system reporting to provide a means to reconcile BEACON Accounts Receivable.

The Department has made several improvements to its Accounts Receivable reporting processes in the last year. We are confident that the information presented in the 209 report accurately reflects collections for each quarter. We also have detailed back-up supporting FNS -209 report. However, Department staff continue to work closely with USDA FNS New England Regional Office staff to develop a series of reports, which will allow for a line-by-line reconciliation of the FNS – 209 report. Following a series of meetings and correspondence, we recently received the final sign-off on the specifications for these additional detail reports, and have begun to produce them.

We currently estimate that we will be able to develop, test and finalize the 209 detail reports by August 1, 2003. Once the reports are finalized, we will also produce back-up reports for the prior quarters requested by FNS.

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Finding Number 64: Failure to Provide Necessary TANF Case File Verification	P-62

All TAO Filing procedures are regularly reviewed and highlighted. The single missing case file verification was simply a rare occurrence, however, a reminder was given to the TAO Directors at a Statewide meeting to review their local procedures and ensure that proper filing requirements are being followed.

Finding Number 65: The BEACON System Lacks the Appropriate Segregation of Duties	P-63
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The Department has established procedural guidelines instructing staff that they are not authorized to initiate and approve cases except in narrowly defined situations. To track this, the Department has developed a report listing instances of cases that are initiated and approved by the same individual. The report will be reviewed by agency management to ensure that eligibility determinations comply with State and Federal requirements. Final modifications to that report are underway and it is expected that the final report and the procedural instructions will also be completed by August 1, 2003.

Massasoit Community College

Finding Number 66: Conflicting or Unresolved Income Data Records within the Student Verification Process	F
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Finding Number 67: Student Status Confirmation Reports Identifying Graduated Students not Submitted in Accordance with Regulations	F
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Finding Number 68: Incorrect Calculations and Application of Refund of Title IV Program Awards	F
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Finding Number 69: Pell Grant Recipients not Making Satisfactory Academic Progress	F
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Finding Number 70: Over Award of Title IV Grant Funds	F
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Roxbury Community College

Finding Number 71: Status of U.S. Department of Education Office of the Inspector General Issues	F
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Finding Number 72: Roxbury Community College Did not Comply with Reporting and Disclosure of Information	F
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Finding Number 73: Students Inappropriately Awarded Pell Grants without a Documented High School Diploma or Equivalent	P-68
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Although sufficient departmental internal control procedures exist to prevent the recurrence of this finding, cross-departmental communication was problematic. To that end, the College has assembled an Admissions, Registration and Student Financial Assistance Task Force. It is composed of directors and staff from relevant RCC Departments. The mandate of this task force is to assess the current level of interdepartmental controls and procedures, and where necessary, implement needed new ones. Additionally, this task force was developed to facilitate necessary cross-departmental communication.

Finding Number 74: Lack of Procedures to Identify Walk-Away Students	F
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Finding Number 75: Pell Grant Recipient not Making Satisfactory Academic Progress	F
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Summary Schedule of Prior Audit Findings

<u>Department</u>	<u>Corrective Action</u>
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Finding Number 76: Student Awarded Pell Grant Using Multiple Social Security Numbers and Different Dates of Birth	F
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Finding Number 77: Roxbury Community College Administration Needs Improvement	P-67
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Many of the findings included in this broad category have been corrected (e.g., The College does have: 1. A comprehensive integrated general ledger system; 2. Improved procedures for identifying and tracking day tuition funds; 3. An accurate listing of students' accounts receivables; 4. Adequate controls for timely remitting employee withholdings to respective third party; 5. Proper segregation of duties between the Financial Aid Department and the Business Office; and 6. Monthly reconciliation of bank account to the general ledger). Nonetheless, the status of this finding is Partial Implementation, as the College recognizes the need to make further improvements in this area. To that end, both the current President of the College and Board of Trustees agree that improved financial management will remain a top priority for this administration.

Salem State College

Finding Number 78: Credit Balances not Returned to Students Within Required Time Frame	F
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Finding Number 79: Title IV Program Funds Need to Be Returned	F
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Finding Number 80: Amounts Reported on the Perkins Loan Program Fiscal Operations Report and Application to Participate (FISAP) and Nursing Student Loan Annual Operating Report (AOR) Do not Agree with the College's General Ledger	F
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Finding Number 81: Unreconciled Cash for Title IV Programs	F
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